

**MCNEESE STATE UNIVERSITY**  
**ALUMNI ASSOCIATION**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2010  
(with summarized financial information for 2009)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/8/10

*William V. Trimm, CPA*  
Certified Public Accountant  
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## Table of Contents

Independent Auditor's Report on the Financial Statements.....	1
Financial Statements	
Statement of Financial Position.....	2
Statement of Activities.....	3-4
Statement of Cash Flows.....	5
Reconciliation of Changes in Net Assets to Net Cash Provided by Operations.	6
Notes to the Financial Statements.....	7-11

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
McNeese State University Alumni Association  
Lake Charles, La.

I have audited the accompanying statement of financial position of McNeese State University Alumni Association ( a nonprofit organization) as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of McNeese State University Alumni Association's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Alumni Association's 2009 financial statements and, in my report dated October 26, 2009 I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards required that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McNeese State University Alumni Association ( a nonprofit organization), as of June 30, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*William V. Trimm*  
Certified Public Accountant

Lake Charles, Louisiana  
October 29, 2010

**McNeese State University Alumni Association**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2010**  
 (with summarized financial information for 2009)

	2010	2009
		(Memorandum Only)
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 321,344	\$ 371,713
Certificates of Deposit	265,678	262,264
Prepaid Federal Income Tax	231	124
Inventory	<u>5,657</u>	<u>5,986</u>
Total Current Assets	\$ 592,910	\$ 640,087
<b>Property and Equipment:</b>		
Equipment, Fixtures & Building Improvements	\$ 108,847	\$ 108,847
Less: Accumulated Depreciation	<u>(96,625)</u>	<u>(93,413)</u>
Net Equipment Fixtures & Building Improvements	<u>\$ 12,222</u>	<u>\$ 15,434</u>
<b>Total Assets</b>	<b><u>\$ 605,131</u></b>	<b><u>\$ 655,521</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Federal Income Tax Payable	\$ -	\$ -
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets:</b>		
<b>Unrestricted Net Assets:</b>		
Board Designated	\$ 80,000	\$ 80,000
Operating/Undesignated	\$ 326,460	387,773
Net Fixed Assets	<u>12,222</u>	<u>15,434</u>
Total Unrestricted Net Assets	\$ 418,682	\$ 483,207
Temporarily restricted	<u>\$ 186,449</u>	<u>\$ 172,314</u>
<b>Total Net Assets</b>	<b><u>\$ 605,131</u></b>	<b><u>\$ 655,521</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 605,131</u></b>	<b><u>\$ 655,521</u></b>

*The accompanying notes are an integral part of these financial statements.*

**McNeese State University Alumni Association**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2010**  
(with summarized financial information for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Total	(Memorandum only) Total
<b>PUBLIC SUPPORT, REVENUES, AND RECLASSIFICATIONS</b>				
Public Support:				
Contributions	\$ 180,860	13,603	\$ 194,463	\$ 158,216
Contributed facilities, salaries and expenses	<u>178,010</u>	<u>-</u>	<u>178,010</u>	<u>177,168</u>
Total public support	\$ 358,870	\$ 13,603	\$ 372,473	\$ 335,384
Revenues and Reclassifications				
Homecoming	\$ 23,800	-	\$ 23,800	\$ 23,029
Interest	5,335	1,389	6,724	12,751
License plate revenue	-	24,071	24,071	19,386
Miscellaneous programs	-	-	-	29,830
Sales of merchandise(net of cost)	297	-	297	679
Visa card income	<u>12,334</u>	<u>-</u>	<u>12,334</u>	<u>16,709</u>
Total revenue and Reclassifications	\$ 41,766	\$ 25,460	\$ 67,226	\$ 102,384
Net assets released from restrictions:				-
Satisfaction of program restrictions	<u>24,928</u>	<u>(24,928)</u>	<u>-</u>	<u>-</u>
Total Public Support, Revenues & Reclassifications	\$ 425,563	\$ 14,135	\$ 439,699	\$ 437,768
<b>EXPENSES</b>				
Program Services:				
Alumni Chapters	\$ 5,806	-	\$ 5,806	\$ 1,493
Alumni Events	28,163	-	28,163	29,068
Awards	28,439	-	28,439	38,387
Homecoming	17,689	-	17,689	16,778
Scholarships	21,501	-	21,501	3,523
MSU Donations	<u>115,162</u>	<u>-</u>	<u>115,162</u>	<u>29,868</u>
Total Program Services	\$ 216,760	\$ -	\$ 216,760	\$ 119,117

*The accompanying notes are an integral part of these financial statements.*

	2010			2,009
	Unrestricted	Temporarily Restricted	Total	Total (memorandum only)
Support Services:				
General Administration:				
Auditing and Accounting	\$ 8,000	-	\$ 8,000	\$ 7,500
Advertising	-	-	-	-
Bank charges	1,376	-	1,376	1,114
Brick Campaign Expense	1,112	-	1,112	254
Building Fund	111	-	111	-
Cable	681	-	681	805
Car Allowance	1,530	-	1,530	1,530
Community Support	-	-	-	-
Computer Software/Equipment	19,936	-	19,936	21,366
Computer Training	4,125	-	4,125	4,125
Contract labor	1,784	-	1,784	2,436
Depreciation	3,212	-	3,212	5,365
Dues	114	-	114	269
Equipment	1,199	-	1,199	833
Insurance	1,155	-	1,155	1,155
Mavericks Expense	3,560	-	3,560	1,495
Meetings	1,722	-	1,722	1,639
Miscellaneous	-	-	-	1,000
Office	2,640	-	2,640	2,658
Petty Cash	-	-	-	-
Postage	4,729	-	4,729	2,412
Printing	9,216	-	9,216	4,130
Promotion	5,093	-	5,093	5,203
Recruiting	-	-	-	-
Repairs	603	-	603	256
Rent	7,748	-	7,748	7,748
Salaries and benefits paid by:MSU	170,262	-	170,262	169,420
Sports Medicine Expense	7,495	-	7,495	923
Student Alumni Expense	-	-	-	1,004
Supplies	1,646	-	1,646	3,573
Travel	7,488	-	7,488	3,104
	<u>\$ 266,538</u>	<u>\$ -</u>	<u>\$ 266,538</u>	<u>\$ 251,316</u>
Fundraising	<u>\$ 4,353</u>	<u>\$ -</u>	<u>\$ 4,353</u>	<u>\$ 11,108</u>
Total support services	<u>\$ 270,891</u>	<u>\$ -</u>	<u>\$ 270,891</u>	<u>\$ 262,424</u>
Total expenses	<u>\$ 487,651</u>	<u>\$ -</u>	<u>\$ 487,651</u>	<u>\$ 381,541</u>
Increase(decrease) in net assets before income taxes	<u>\$ (62,088)</u>	<u>\$ 14,135</u>	<u>\$ (47,952)</u>	<u>\$ 56,227</u>
Income taxes, current portion	<u>\$ (2,438)</u>	<u>\$ -</u>	<u>\$ (2,438)</u>	<u>\$ (2,246)</u>
Increase(decrease) in net assets	<u>\$ (64,525)</u>	<u>\$ 14,135</u>	<u>\$ (50,389)</u>	<u>\$ 53,981</u>
Net assets beginning of year	<u>\$ 483,207</u>	<u>\$ 172,314</u>	<u>\$ 655,521</u>	<u>\$ 601,540</u>
Net assets end of year	<u>\$ 418,682</u>	<u>\$ 186,449</u>	<u>\$ 605,131</u>	<u>\$ 655,521</u>

*The accompanying notes are an integral part of these financial statements.*

**McNeese State University Alumni Association**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(with summarized financial information for 2009)

	<u>2010</u>	<u>2009</u>
	(memorandum only)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributors, unrestricted	\$ 181,189	\$ 139,295
Cash received from contributors, temporarily restricted	37,674	38,307
Interest received	6,724	12,751
Miscellaneous revenues collected	36,432	70,267
Golf Tournament expenses and cost of merchandise sold	-	-
	-	1,218
Cash paid for program services and to satisfy donor restrictions	(216,760)	(119,117)
Cash paid for supporting services	(85,316)	(68,783)
Cash paid for fundraising	(4,353)	(11,108)
Income taxes paid	<u>(2,545)</u>	<u>(2,368)</u>
Net cash provided by (used) in operating activities	\$ <u>(46,955)</u>	\$ <u>60,462</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of capital assets	\$ -	\$ -
Increase in certificates of deposit	<u>(3,414)</u>	<u>(86,758)</u>
Net cash used in investing activities	\$ <u>(3,414)</u>	\$ <u>(86,758)</u>
Net increase(decrease) in cash and cash equivalents	\$ (50,369)	\$ (26,296)
Cash and cash equivalents as of beginning of year	<u>371,713</u>	<u>398,009</u>
Cash and cash equivalents as of end of year	<u>\$ 321,344</u>	<u>\$ 371,713</u>

*The accompanying notes are an integral part of these financial statements.*

**McNeese State University Alumni Association**  
**Reconciliation of Changes in Net Assets to Net Cash**  
**Provided by Operations**  
(with summarized financial information for 2009)

	<u>2010</u>	<u>2009</u>
		(memorandum only)
Change in net assets	\$ (50,389)	\$ 53,981
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used in) operations		
Depreciation	3,212	5,365
Change in operating assets:		
Prepaid federal income tax	(107)	(102)
Inventory	329	1,218
Change in operating liabilities	<u>-</u>	<u>(200)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>\$ (46,955)</u></b>	<b><u>\$ 60,262</u></b>

*The accompanying notes are an integral part of these financial statements.*



**McNeese State University Alumni Association**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Nature of Activities**

McNeese State University Alumni Association is a non-profit corporation organized to stimulate and nurture alumni interest in McNeese State University in order to enhance the university in its mission to provide support for students in the education and training needed to participate more effectively in the intellectual, economic, social and cultural life of our society. The Association's support comes from individual donor's contributions.

**Basis of Accounting and Financial Statement Presentation**

For financial statement purposes, the Association recognizes revenues and records expenses using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion;
- Temporarily restricted net assets, which represent resources restricted by donors as to purpose or by the passage of time; and
- Permanently restricted net assets, which represent resources that are limited by donor-imposed stipulation that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association. The Association did not have any permanently restricted net assets this year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**McNeese State University Alumni Association**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Date of Management's Review of Subsequent Events**

Management has evaluated subsequent events through October 29, 2010, the date which the financial statements were available to be issued.

**Public Support and Revenue**

The Organization complies with the Financial Accounting Standards Board's Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restriction. Contributions that are restricted by the donor are reported as increases in net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

**Inventory**

The inventory is stated at the lower of cost or market value. Cost is determined using the specific identification method.

**Prior Year Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all demand deposits to be cash and cash equivalents, except for certificates of deposit.

**Promises to Give**

Unconditional promises to give are recognized as receivables and as revenues in the period the Association is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**McNeese State University Alumni Association**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Property and Equipment**

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation for contributed assets. Depreciation is computed on the straight-line basis over the estimated lives of property and equipment, which range from 3 to 10 years. Depreciation amounted to \$ 3,212 for the year ended June 30, 2010. The Association follows the practice of capitalizing all expenditures for property and equipment in excess of \$ 500.

**Income Taxes**

McNeese State University Alumni Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the agency has been determined by the Internal Revenue Service not be a private foundation within the meaning of Section 509(a) of the code. The organization is subject to income tax on unrelated business income which included the Visa card program. Income taxes were \$ 2,438 for the year ended June 30, 2010

**Contributed Services and Facilities**

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. McNeese State University (the University) owns the facility that houses the McNeese State University Alumni Association (the Association). Office space is provided at no cost to the Association.

**NOTE 2: FIXTURES, EQUIPMENT & BUILDING IMPROVEMENTS**

The following is a summary of fixtures, equipment, and building improvements as of June 30, 2009:

Fixtures	\$ 83,056
Equipment	24,319
Building Improvements	1,472
Less: Accumulated Depreciation	<u>(96,625)</u>
Total	<u>12,222</u>

**McNeese State University Alumni Association**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 3: FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 4: CONTRIBUTED FACILITIES, SALARIES AND EXPENSES**

The facilities and salaries contributed by McNeese State University are done so under the Affiliation Agreement between the University and the Alumni Association. The value of the contributed services, facilities and expenses and the corresponding expenditures included in the financial statements for the year ended June 30, 2010 are as follows:

**Public Support**

Contributed facilities, salaries and expenses	<u>\$ 178,010</u>
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**Expenses**

Rent	\$ 7,748
Salaries and benefits	<u>170,262</u>
Total	<u>\$ 178,010</u>

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2010 temporarily restricted net assets are available for the following purposes or periods:

Periods after June 30, 2010	
Alumni Chapters	\$ 18,981
Restricted Donation	4,278
Scholarships	134,760
Brick Campaign	<u>28,430</u>
Total temporarily restricted net assets	<u>\$ 186,449</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose restriction accomplished	
Alumni Chapters	\$ 5,806
Brick Campaign	1,112
Restricted Donations	8,400
Sports Medicine	7,495
Scholarships	<u>2,115</u>
	<u>\$ 24,928</u>

**McNeese State University Alumni Association**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2010

**NOTE 6: CONCENTRATION OF CREDIT RISK FOR CASH HELD AT BANKS**

The Association maintains cash balances in several financial institutions. The deposits are insured by the National Credit Union Administration and the Federal Deposit Insurance Corporation. These insured limits were increased from \$ 100,000 to \$ 250,000 in 2008. McNeese State University Alumni Association accounts are not at risk for being over the limits of financial institution insurance. Uninsured funds held for McNeese State University Alumni Association at Merrill-Lynch totaled \$ 4,194 at June 30, 2010. Management believes that the risk is minimal.

**NOTE 7: COMPENSATED ABSENCES**

Employees of the McNeese State University Alumni Association are entitled to paid vacation, sick days and personal days off, depending on job classification, length of service and other factors. In addition, management also has contracts or agreements with the McNeese State University that provided for compensated absences. Because of these agreements and the obligation of McNeese State University as it relates to the compensated absences, the financial statements of the McNeese State University Alumni Association do not reflect these obligations.

**NOTE 8: ADVERTISING**

The McNeese University Alumni Association expenses advertising costs as they are incurred. There were no advertising expenses for the year ended June 30, 2010.